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CONSOLIDATED  
RAMBLER  
MINES  
LIMITED

ANNUAL  
REPORT

FOR THE YEAR ENDED  
DECEMBER 31

**1974**

A- 15.1

**ANNUAL MEETING OF SHAREHOLDERS**

The annual meeting of shareholders will be held on Friday, May 9, 1975 at 10:00 o'clock in the forenoon (Toronto time) in the Nova Scotia room, Royal York Hotel, Toronto, Ontario.

## CONSOLIDATED RAMBLER MINES LIMITED

Incorporated under the laws of Ontario on January 20, 1961

### DIRECTORS

G. KERLIN ..... New York, U.S.A.  
A. G. KIRKLAND ..... Saint John, New Brunswick  
D. A. MACFARLANE ..... Saint John, New Brunswick  
G. F. PUSHIE ..... St. John's, Newfoundland  
L. MCC. RITCHIE ..... Saint John, New Brunswick

### OFFICERS

L. MCC. RITCHIE ..... *President*  
A. G. KIRKLAND ..... *Vice-President*  
D. A. MACFARLANE ..... *Secretary and Treasurer*  
MRS. M. JONES ..... *Assistant Secretary*

### EXECUTIVE OFFICE

FIFTH FLOOR, GOLDEN BALL BLDG. .... Saint John, N.B.

### MINE OFFICE

BAIE VERTE ..... Newfoundland

### AUDITORS

COOPERS & LYBRAND ..... Saint John, N.B.

### TRANSFER AGENT and REGISTRAR

GUARANTY TRUST COMPANY OF CANADA ..... Toronto, Ontario

## DIRECTORS' REPORT

### TO THE SHAREHOLDERS:

Your directors submit herewith reports covering your Company's operations for the year 1974 along with the audited financial statements.

The year 1974 was a disquieting one for most resource industries and a particularly difficult one for the copper industry. Along with the well publicized controversy between the Federal and Provincial governments regarding the taxation of resource industries and the inflexible Federal stand on disallowance of Provincial mining taxes as deductibles, the high rate of inflation across the land introduced escalation factors into both operating and capital costs which will be difficult to absorb.

The price of copper on the London Metal Exchange declined during the year from \$1.50 per pound in April to 57c per pound in December. In addition to the adverse results of these prices on current earnings, this necessitated reducing the pricing of your Company's copper inventory from 85c down to the year end 57c with a severe decline in the dollar value of copper inventory. All of these effects are reflected in your Company's 1974 earnings with operating profit shown at \$3,408,912 and net profit before income taxes at \$1,405,375 as compared with \$6,647,325 and \$3,431,230 for 1973.

On October 29, 1974, an agreement was concluded with the former owners of the Company's mining property, whereby the Company purchased the property for \$5.1 million. The agreement provided for the payment of the purchase price as follows:

\$2.6 million on October 29, 1974  
\$1 million on October 29, 1975 and  
\$1.5 million on October 29, 1976.

A condition of the agreement was that the Government of the Province of Newfoundland would forego any amounts considered by them to be owing under the lease which previously existed between the Company and Newfoundland. The Company acquired fee simple grants to all of the property formerly leased with the exception of a small parcel of 18 claims which was returned to its owner(s). To secure the unpaid portion of the purchase, a non-interest bearing mortgage was given in favour of the former owners. Your Directors feel that, given reasonable metal prices over the next five years, this transaction will be of benefit to your Company.

The declining price of copper had the additional effect of making the East Mine unviable. As reported earlier, this mine has been on a very marginal basis for the past three years with operating losses going up and reserves deteriorating. A last ditch effort was made over two years to save the mine with an extensive exploratory program at depth in order to exhaust all possibilities. However, this program was unsuccessful in proving up any new significant ore. With the copper prices prevailing last Spring, there was a small chance that the deep low grade remnants might be mined but as the copper prices deteriorated the losses became so severe that the total operation, including the Ming Mine, was placed in jeopardy and the Directors had no alternative but to close the East Mine and also to drop the option on the adjoining claims known as the East Mine Extension.

It will be noted from your Mine Manager's report that the East Mine reserves have been deleted and the Ming Mine ore reserves are somewhat down at 1,209,000 tons of 2.51% copper. Overall copper production for the year is slightly down at 11,539,000 pounds but mill recoveries are significantly improved. The Boundary Shaft is proceeding well with the bottom at 1,650 feet toward a 2,050 foot objective and ore production from this shaft is now scheduled for the first quarter of 1976.

Surface exploration during the year consisted mainly of drilling known targets on the main Rambler group and acquiring adjoining claims of merit. On the west of the Rambler group 48 claims were acquired on an option basis. While no ore occurrences have been turned up thus far, the ground warrants further work and the claims are being retained. Also, a gold prospect, approximately seven miles north of the Rambler property, was optioned and since results were negative, this option was dropped.

Your Directors express their appreciation to Mr. John Grainger, Mine Manager, his staff and all employees for their industry, perseverance and loyalty during a difficult year.

On behalf of the Board,

R. S. HAFLIDSON,  
President.

February 19, 1975

## MINE MANAGER'S REPORT

February 6, 1975

Mr. A. G. Kirkland, Vice-President - Mining

Consolidated Rambler Mines Limited

Dear Sir:

The following is a report of operations at Consolidated Rambler Mines property for the year ended December 31, 1974.

Overall Production	1974	1973
Ore milled - tons .....	215,541	292,011
Average per calendar day .....	591	800
Grade % copper .....	2.89%	2.44%
Percent time mill operated .....	94.2%	95.8%
Copper recovery % .....	96.7%	87.9%
Concentrates produced - tons .....	25,128	25,684
Copper recovered - pounds (net) .....	11,539,495	12,023,768
Gold recovered - ounces (net) .....	9,047	9,158
Silver recovered - ounces (net) .....	76,233	73,250

### Overall operating costs - \$ per ton

Development .....	\$ 3.54	\$ 2.16
Mining .....	11.14	4.74
Milling .....	4.91	2.85
Exploration .....	.13	.74
Mine general and administration .....	3.98	1.68
	<hr/>	<hr/>
	\$23.70	\$12.27

Ore Reserves - as at December 31	1974	1973
Vertical depth .....	1,600	1,600
Reserves - tons .....	1,208,932	1,425,776
Grade % copper .....	2.51%	2.57%
Grade ounces gold .....	0.07	0.08
Grade ounces silver .....	0.60	0.56

Ore reserves now include the Ming Mine only, since the East Mine mineralization is below ore grade. The reserves include a waste section of 158,879 tons @ 0.25% Cu. which, if mining methods permit leaving in place, would change the reserves to 1,050,053 tons @ 2.86% Cu.

## MINING

### Ming Mine

Production from the Ming Mine was satisfactory considering the work stoppage in the second quarter, the strike during negotiations in the last quarter and the narrower widths and irregular ore zone from the 400 level to the 740 level. The late delivery of three underground haulage trucks delayed the development advance.

At year end, the 740 and 830 levels were developed to the ore and 920 level had 80 feet to reach the ore zone. The main ramp was 150 feet down dip from the 920 level.

Underground diamond drilling was continued and totalled 9,536 feet, in order to delineate zones for mining.

<b>Ming Mine Production</b>	<b>1974</b>	<b>1973</b>
Ore milled .....	183,201	210,375
Average/calendar day .....	502	576
Grade of copper .....	3.16%	3.05%
Concentrate - tons .....	23,330	22,866
Copper recovered - pounds (net) .....	10,712,455	10,752,541
Gold recovered - ounces (net) .....	9,047	9,158
Silver recovered - ounces (net) .....	76,233	73,250
<b>Ming Mine Development (feet)</b>		
Mine ramp advance .....	1,108	2,054
Drifting and crosscutting .....	4,141	5,449
Raising .....	710	1,129
Diamond drilling underground .....	9,536	8,923
Diamond drilling surface .....	Nil	27,473
<b>Ming Mine Operating Costs - \$ per ton</b>		
Development .....	\$ 3.85	\$ 2.09
Mining .....	7.56	4.64
Milling .....	4.31	2.98
Exploration .....	—	.54
Mine general and administration .....	3.04	1.68
	<hr/>	<hr/>
	\$18.76	\$11.93
	<hr/>	<hr/>

### East Mine

The 10-08 exploration drift, started last year on the 1,000' level, was advanced 798 feet with diamond drill stations cut at every hundred feet to permit diamond drilling to check the downward extension of the main ore zone and other potential ore at depth.

The main decline was advanced 257 feet to the 1,200 elevation, from which three stoping areas at 1,100, 1,130 and 1,190 were established. These were mined out at year end. Due to the low grade of the remaining mineralized ground and the low copper prices, production ceased in December and preparations were begun to close the mine.

<b>East Mine Production</b>	<b>1974</b>	<b>1973</b>
Ore milled - tons .....	32,340	81,636
Grade % copper .....	1.38%	0.92%
Concentrate - tons .....	1,798	2,818
Copper recovered - pounds (net) .....	827,040	1,271,227

<b>East Mine Development (feet)</b>		
Main ramp advance .....	257	527
Drifting and crosscutting .....	1,967	3,091
Raising .....	169	586
Diamond drilling underground .....	18,501*	17,424
Diamond drilling surface .....	1,363*	—

\* includes 5,055 feet underground and 1,363 feet of surface diamond drilling on East Mine Extension.

<b>East Mine Operating Cost - \$ per ton</b>	<b>1974</b>	<b>1973</b>
Development .....	\$ 8.11	\$ 2.36
Mining .....	8.90	5.00
Milling .....	4.10	2.51
Exploration .....	5.22	1.26
Mine general and administration .....	4.41	1.68
	<hr/>	<hr/>
	\$30.74	\$12.81
	<hr/>	<hr/>

### MILLING

Initially, due to extremely erratic mill feed grades, a great deal of difficulty was experienced in producing acceptable metallurgy. This situation persisted until the expansion of the cleaner circuit and other circuit changes made at mid-year.

Circuit sampling suggested that an increase in the number of cleaning stages arranged counter-current, together with thickening and a regrinding of the cleaner tailings, would alleviate some of the problems. This line of attack resulted in improved metallurgy for the second half of the year.

Considerable use was made in the latter months of recirculated water. This was obtained from the fine fraction of the cleaner tailings and the concentrate thickener overflow. It was used as make-up water to the rod mill feed and discharge and to the ball mill feed which resulted in a saving of a natural resource, and improved control of the environment.

## **SURFACE EXPLORATION**

### **Rambler Property**

On the Rambler property, several areas were diamond drilled to check ground geochemical and geophysical anomalies and to explain the structural style and control in the area. Although no economic mineralization was encountered, the overall program was encouraging and several interesting areas will be checked in 1975.

### **East Mine**

The option on the East Mine Extension was extended during 1974. Three diamond drill holes were completed to investigate geophysical and geochemical anomalies delineated by earlier exploratory work. All of the holes were blank and the agreement was terminated in January, 1975.

### **West 48 Claim Option**

Exploration was started on a group of 48 claims west of Rambler property, under an option agreement dated September, 1974. Approximately 75 miles of line were cut and 3,750 geochemical soil samples collected. Several copper anomalies were located and approximately 10 miles of the grid were covered by a ground magnetometer and VLF EM survey. One thousand eight hundred and five feet of diamond drilling was performed in three holes, and while no significant metal values were encountered, a pyritized zone in rocks geologically similar to the Ming Mine was intersected and exploration will continue on these claims during 1975.

### **Barry & Cunningham Option**

The Barry & Cunningham gold prospect is an optioned prospect of approximately 1 sq. mile, seven miles north of the Rambler property. Eleven miles of line were cut and 615 geochemical soil samples taken. Two hundred bulk samples were collected and assayed for gold. One thousand six hundred and seventy-one feet of diamond drilling was performed in three holes, and no significant values of gold or copper were obtained. The Company's option on this property was terminated.

## **UNDERGROUND EXPLORATION**

### **East Mine**

Exploration at the East Mine was concentrated on mineralized areas indicated by previous surface diamond drilling. The 10-08 exploration drift was completed and 8,214 feet of diamond drilling failed to intersect ore grade mineralization.

### **BOUNDARY SHAFT**

The development program mentioned in last year's report is continuing. Advances were 1,654 feet of shaft, 35,000 cu. ft. of station cutting, 77 feet raising and 65 feet drifting.

Ore production through the shaft is planned to begin during first quarter of 1976. To complete this program, the shaft will bottom on the 2,050 horizon and haulage and exploration drifts driven on the 1,200, 1,500 and 1,800 horizons. Connecting ore and waste pass systems to a crusher and loading station will be driven, together with a ventilation raise from the 1,800 foot horizon to surface.

### **CONSTRUCTION AND NEW EQUIPMENT ADDITIONS**

In order to upgrade facilities at the Main Zone Plant area, the construction of a new Assay Office and Service Garage is nearing completion. The heating facilities were revamped and insulation was installed in the Concentrator to aid in fuel conservation.

Major equipment additions on surface were a fleet of four trucks for the hauling of ore to the Concentrator and concentrate to Tilt Cove, a road grader and a front end loader.

New underground equipment received during the year included three underground haulage trucks and a Scooptram.

Specifications and orders were placed for skips, loading pocket, pumps and ventilation equipment for the Boundary Shaft.

Two five unit apartment buildings were completed in the town of Baie Verte to house staff members and their families.

### **GENERAL**

The higher unit operating costs are directly related to the lower tonnage milled and the increased cost of labour and supplies. The Ming Mine decline reached the one mile mark before year end and tramming distances were increased over last year.

There were two illegal work stoppages at the Ming Mine before negotiations were completed for a new labour agreement. A two year agreement was signed, effective September 29.

Increased efforts in the control of mine and mill effluents has continued during the year. A continuous monitoring of the water shed and the mining operation's impact on this has been established.

I wish to acknowledge the cooperation and support of the officers and directors of the Company, together with the efficient work of the mine staff and employees.

Respectfully submitted,

J. E. Grainger, A.R.S.M., B.Sc. (Eng.), P.Eng.

Mine Manager

## Balance Sheet

## ASSETS

	1974 \$	1973 \$
<b>CURRENT ASSETS</b>		
Cash and short-term deposits .....	634,172	1,811,549
Settlements receivable (net) from sale of copper concentrate .....	3,507,786	4,910,915
Accounts receivable .....	27,799	48,062
Prepaid expenses .....	109,400	81,487
	<u>4,279,157</u>	<u>6,852,013</u>
<b>FIXED ASSETS (note 2)</b>		
Mining property — at cost .....	5,362,154	227,554
Buildings, surface structures and equipment — at cost .....	6,781,694	5,452,053
	<u>12,143,848</u>	<u>5,679,607</u>
Less: Accumulated depreciation and amortization .....	6,948,017	3,018,017
	<u>5,195,831</u>	<u>2,661,590</u>
<b>DEFERRED EXPENDITURES</b>		
Mine development expense — at cost less accumulated amortization of \$2,967,080 (1973 — \$2,835,731) .....	1,030,564	391,643
Expenditure on properties under option — at cost (note 3) .....	91,577	210,462
Materials and supplies — at cost .....	1,053,632	630,759
	<u>2,175,773</u>	<u>1,232,864</u>
	<u>11,650,761</u>	<u>10,746,467</u>
Signed on behalf of the Board		
L. McC. RITCHIE, Director		
D. A. MACFARLANE, Director		

# ER MINES LIMITED

December 31, 1974

## LIABILITIES

	1974 \$	1973 \$
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities .....	670,341	1,112,866
Current instalment on purchase price of mining property .....	1,000,000	—
Accrual under lease agreement .....	—	1,615,000
6¾% mortgages .....	16,447	18,003
	<u>1,686,788</u>	<u>2,745,869</u>
<b>BALANCE OF PURCHASE PRICE OF MINING PROPERTY</b> (less current instalment) (note 2) .....	<u>1,500,000</u>	<u>—</u>
<b>PROVISION FOR DEFERRED AMOUNT UNDER MINING AGREEMENTS</b> .....	<u>—</u>	<u>942,000</u>

## SHAREHOLDERS' EQUITY

<b>CAPITAL STOCK</b>		
Authorized — 5,000,000 shares of \$1 par value		
Issued — 2,980,006 shares .....	2,980,006	2,980,006
Less: Discount thereon .....	965,000	965,000
	<u>2,015,006</u>	<u>2,015,006</u>
<b>CONTRIBUTED SURPLUS</b> .....	<u>14,625</u>	<u>14,625</u>
<b>RETAINED EARNINGS</b> .....	<u>6,434,342</u>	<u>5,028,967</u>
	<u>8,463,973</u>	<u>7,058,598</u>
	<u>11,650,761</u>	<u>10,746,467</u>

# CONSOLIDATED RAMBLER MINES LIMITED

## Statement of Earnings

For the year ended December 31, 1974

	1974 \$	1973 \$
INCOME		
Concentrate production .....	9,864,241	12,428,805
Less: Marketing expenses .....	1,969,430	2,199,733
	<u>7,894,811</u>	<u>10,229,072</u>
OPERATING EXPENSES .....	4,485,899	3,581,747
	<u>3,408,912</u>	<u>6,647,325</u>
EARNINGS ON OPERATIONS BEFORE THE UNDERNOTED ITEMS .....		
Depreciation of fixed assets .....	616,000	545,000
Amortization of mine development expenses and mining property .....	196,349	242,000
Surface exploration .....	440,483	256,989
Mining tax .....	107,000	290,000
Provisions under former lease agreement .....	692,000	1,720,000
Interest on advances and bank loans .....	(48,295)	162,106
	<u>2,003,537</u>	<u>3,216,095</u>
EARNINGS FOR THE YEAR BEFORE INCOME TAXES AND EXTRAORDINARY ITEM .....	1,405,375	3,431,230
PROVISION FOR INCOME TAXES (note 4) .....	630,000	—
	<u>775,375</u>	<u>3,431,230</u>
EARNINGS FOR THE YEAR BEFORE EXTRAORDINARY ITEM .....		
EXTRAORDINARY ITEM		
Reduction of current year's income taxes (note 4) .....	630,000	—
	<u>1,405,375</u>	<u>3,431,230</u>
NET EARNINGS FOR THE YEAR .....		
EARNING PER SHARE		
Before extraordinary item .....	.26	1.15
Net earnings for the year .....	<u>.47</u>	<u>1.15</u>

## CONSOLIDATED RAMBLER MINES LIMITED

Statement of Retained Earnings	1974	1973
For the year ended December 31, 1974	\$	\$
RETAINED EARNINGS — BEGINNING OF YEAR .....	5,028,967	1,597,737
Net earnings for the year .....	1,405,375	3,431,230
RETAINED EARNINGS — END OF YEAR .....	<u>6,434,342</u>	<u>5,028,967</u>

### Statement of Source and Use of Working Capital

For the year ended December 31, 1974

	1974	1973
	\$	\$
<b>SOURCE OF WORKING CAPITAL</b>		
From operations .....	3,074,922	4,377,306
Accrual under lease agreement transferred to amounts charged for use of lease.. ..	1,615,000	—
	<u>4,689,922</u>	<u>4,377,306</u>
<b>USE OF WORKING CAPITAL</b>		
Mining property (\$5,134,600) less portion of purchase price not due within one year (\$1,500,000) .....	3,634,600	—
Buildings and equipment .....	1,329,641	974,952
Mine development expenses .....	770,270	408,774
Materials and supplies .....	422,873	114,598
Expenditure on properties under option .....	46,313	—
	<u>6,203,697</u>	<u>1,498,324</u>
INCREASE (DECREASE) IN WORKING CAPITAL .....	(1,513,775)	2,878,982
WORKING CAPITAL — BEGINNING OF YEAR ..	4,106,144	1,227,162
WORKING CAPITAL — END OF YEAR .....	<u>2,592,369</u>	<u>4,106,144</u>

## CONSOLIDATED RAMBLER MINES LIMITED

### Notes to Financial Statements

For the year ended December 31, 1974

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### Settlements Receivable —

Settlements receivable are valued at estimated realizable value. In accordance with terms of the sales contract, final settlements are made at prices prevailing at a future date and the amounts eventually received may vary from the amounts shown as settlements receivable at December 31, 1974.

##### Depreciation and Amortization —

Buildings, surface structures and equipment (excluding those under construction) are being depreciated on a straight line basis at the rate of 10% per annum.

Mining property is currently being amortized at the rate of \$1.70 per ton ore milled.

##### Deferred Expenditures —

The balance of mine development expense represents the cost to date of the boundary shaft, under construction, which will be written off when completed on the basis of use. The costs of expenditure on properties under option are carried forward until these properties are developed or abandoned.

#### 2. FIXED ASSETS

Estimated cost to complete the Boundary Shaft Project is \$1,500,000.

Accumulated depreciation and amortization of \$6,948,017 (1973 - \$3,018,017) is comprised of the following:

Accumulated depreciation of fixed assets of \$3,634,017 (1973 - \$3,018,017).

Amount charged for the use of lease \$3,249,000 (1973 - Nil) relating to the company's mining property acquired on October 29, 1974 at a cost of \$5,134,000. The unpaid balance of the purchase price \$2,500,000 is secured by a non-interest bearing mortgage on the mining property. This property had been used by the company on a lease basis in carrying on its resource operations in the Province of Newfoundland prior to the acquisition. The amounts charged against

earnings in prior years for the use of the resource property to the date of acquisition were determined on an accrual basis. The actual rental for the lease was stipulated under an agreement pursuant to the Undeveloped Mineral Areas Act of Newfoundland as a proportion of the cumulative excesses of receipts from the operations of the property over expenditures in connection therewith, including amounts expended for fixed assets and deferred costs. The company had no legal obligation to pay such rentals to the date of acquisition.

Accumulated amortization of \$65,000 (1973 - Nil) computed on a unit of production basis on the known ore reserves of the company.

#### 3. PARTICIPATION AGREEMENTS

There is a participation agreement outstanding between the company, the Carroll Prospector Group ("Carroll") and Advocate Mines Limited ("Advocate") under which the company has the option to explore and, if feasible, develop two groups of mining claims known as the Ming Extension and the East Mine Extension adjoining the company's property. The agreement requires the company to spend \$150,000 in the first year, \$100,000 per group in the year ended July 1, 1974 and \$150,000 in the following year. The company has elected to go into production on the Ming Extension and has abandoned the East Mine Extension. Should a commercially feasible orebody be developed, the company agrees to pay 10% of the profits therefrom (calculated in accordance with the terms of the agreement) to Carroll and Advocate until its preproduction costs have been recovered, following which 55% of the profits will be paid to Carroll and Advocate.

A further participation agreement between the same parties grants the company the option to explore and if feasible develop a 48 claim group west of the company's mining property. Under the agreement the company is required to maintain 21 claims in good standing. Should a commercially feasible orebody be developed the company agrees to pay Carroll and Advocate 20% of profits after it has recovered its preproduction costs.

#### 4. INCOME TAXES

Former tax legislation permitted the company to operate its Main Mine and Ming Mine free of tax in prior years including 1973. The company applied for a tax-exempt period under former tax legislation for its East Mine for the years 1967, 1968 and 1969 and this application was rejected. Income before depreciation and amortization for these years from this mine aggregated \$4,036,169. Due to recent tax decisions the company believes that this application should now be approved. In 1973 and prior years the company recorded depreciation and amortization in its accounts but did not claim all of the relative allowances for income tax purposes. For 1974 the company used a portion of these allowances to eliminate taxable income. Assuming the

East Mine to have been eligible for the tax-exempt period, accumulated allowances recorded in the accounts but unclaimed for tax purposes are approximately \$5,500,000.

#### 5. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Total direct remuneration paid during 1974 to directors was \$7,250 and to senior officers (as defined in the Ontario Business Corporations Act to include the five highest paid employees of the corporation) was \$115,073.

#### 6. COMPARATIVE FIGURES

Certain 1973 figures have been reclassified for comparative purposes.

### COOPERS & LYBRAND

CHARTERED ACCOUNTANTS

SAINT JOHN, N. B.

TO THE SHAREHOLDERS OF

CONSOLIDATED RAMBLER MINES LIMITED

### AUDITORS' REPORT TO THE SHAREHOLDERS

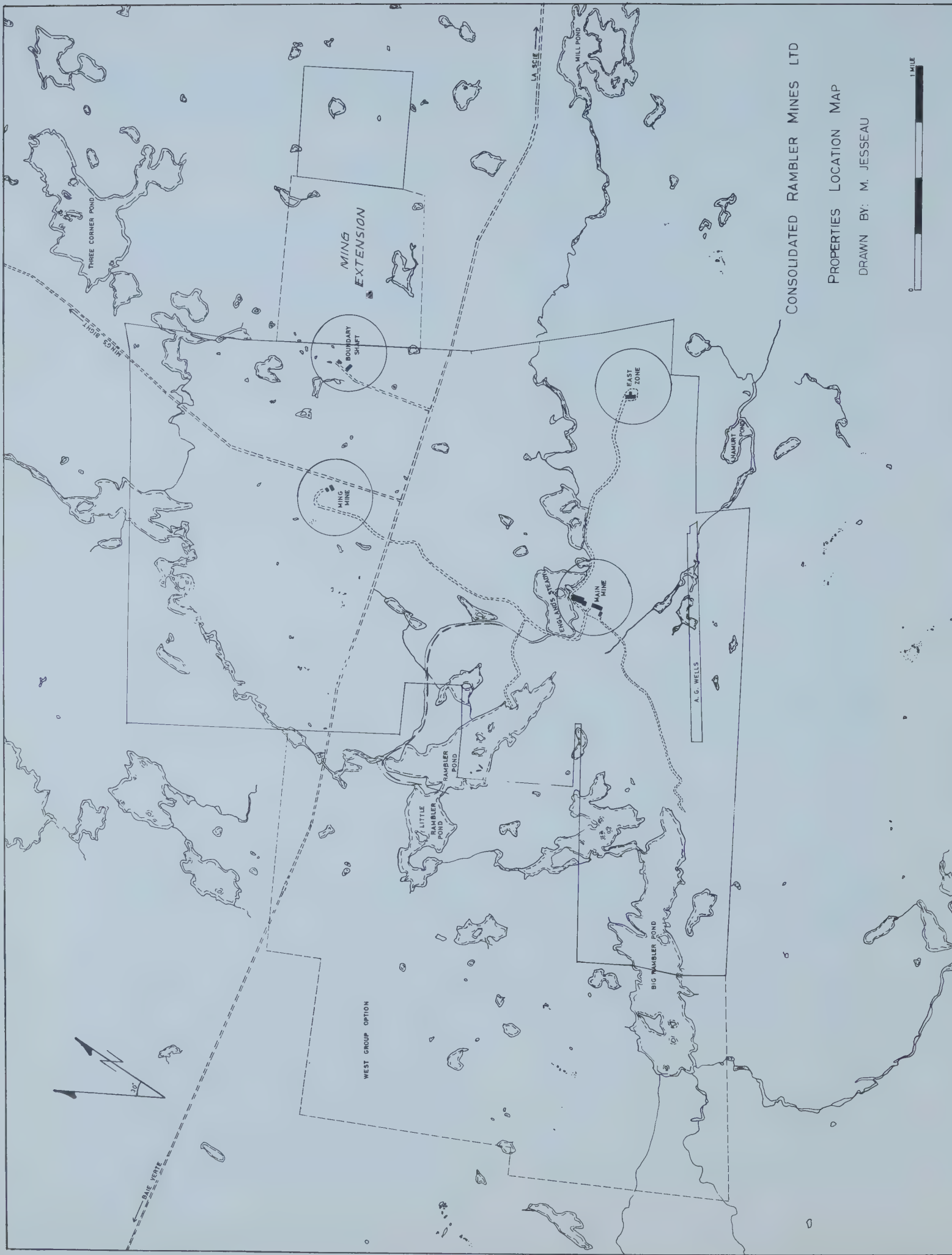
We have examined the balance sheet of Consolidated Rambler Mines Limited as at December 31, 1974 and the statements of earnings and retained earnings and source and use of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1974 and the results of its operations and source and use of its working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

COOPERS & LYBRAND

February 14, 1975

Chartered Accountants.



CONSOLIDATED RAMBLER MINES LTD

PROPERTIES LOCATION MAP

DRAWN BY: M. JESSEAU



- reduce directors 6 to 5.



AR45

*Cancorp*

### Ming Mine

During the period covering this report emphasis was placed on decline advance, extending production levels and completing an underground diamond drilling program. The decline was advanced 481 feet and the levels 1,344 feet. A program totalling 11,600 feet of diamond drilling from the 550 horizon was completed, giving closer detail of ore zone down to the 750 horizon.

Shaft sinking is well underway at the Ming Extension Boundary Shaft. The shaft was advanced 889 feet with stations cut on the 400 and 800 foot horizon.

### East Mine

At the East Mine attention was focused on further investigation of favourable areas and advancing decline and mining levels. The 10-08 exploration drift was advanced 646 feet with 74 feet of diamond drill stations cut. Diamond drilling totalled 6,108 feet. This was to investigate the downward extension of No. 1 zone. While mineralized zones were intersected in practically all holes, there were no significant copper values. The decline was advanced 173 feet and mining levels 104 feet.

### PRODUCTION January - June, 1974

	East Mine	Ming Mine	Total
Tonnage milled .....	2,383	105,483	107,866
% Copper .....	1.34	3.49	3.44
Ounces gold .....	TR	.05	.05
Ounces silver .....	TR	.53	.51

On behalf of the Board  
R. S. HAFLIDSON, President

July 31, 1974

## CONSOLIDATED RAMBLER MINES LIMITED

### INTERIM REPORT TO SHAREHOLDERS

Six months ended June 30, 1974

# CONSOLIDATED RAMBLER MINES LIMITED

P. O. BOX 937, SAINT JOHN, N. B.

## ~~INTERIM~~ REPORT TO SHAREHOLDERS

Six Months Ended June 30, 1974

### STATEMENT OF EARNINGS (subject to audit)

	✓ 1974	✓ 1973
Net income from concentrate production .....	✓ \$ 5,808,406	\$ 5,338,491
Deduct operating costs .....	2,195,595	1,865,443
Operating profit before the undernoted items .....	<u>3,612,811</u>	<u>3,473,048</u>
Depreciation and amortization .....	540,000	390,000
Interest, mining taxes and rent .....	1,279,076	1,347,665
	<u>1,819,076</u>	<u>1,737,665</u>
Earnings on operations .....	1,793,735	1,735,383
✓ Provision for deferred amount } .....	53,000	70,400
Net earnings for the period .....	✓ <u>\$ 1,740,735</u>	<u>\$ 1,664,983</u>
Earnings per share .....	✓ <u>58.4c</u>	✓ <u>55.9c</u>

### STATEMENT OF SOURCE AND USE OF FUNDS (subject to audit)

#### Source:

From operations .....	\$ 2,333,735	\$ 2,125,383
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#### Use of funds:

Additions to fixed assets and mine development .....	699,865	219,088
Exploration expenditures (deferred) .....	549	119,026
Increase in supplies inventory .....	117,655	29,445
	<u>818,069</u>	<u>367,559</u>

Increase in working capital .....	1,515,666	1,757,824
Working capital at beginning of year .....	4,106,144	1,227,162
Working capital at end of period .....	<u>\$ 5,621,810</u>	<u>\$ 2,984,986</u>

### OPERATING PERFORMANCE

Earnings for the six months ended June 30, 1974 were comparable with a similar period of 1973 with operating profit at \$3,612,811 and net profit at \$1,740,735 (58.4 cents per share). These earnings are based on an estimated copper price of 85 cents per pound plus adjustments for final smelter settlements, and on approval of application for tax-free periods for both the Ming Mine and the East Mine. The figures shown for 1973 have been restated to reflect metal prices and accounting practices used at December 31, 1973.

It should be noted in passing that the copper price is in a deteriorating phase, having declined from \$1.50 L.M.E. to a present level of 86 cents.